

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 01-373

DATE PREPARED: Aug 27, 2002

STATE AGENCY: Office of the Sec. of Family and Social Services

DATE RECEIVED: Jul 15, 2002

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Digest of Proposed Rule: This rule amends various sections of 405 IAC 6 concerning provisions affecting applicants, enrollees, eligibility and enrollment requirements, benefits, and policy for the Indiana Prescription Drug Program.

The rule also adds sections to 405 IAC 6 concerning provisions that will set forth procedures for point-of-service processing and provider claims, payments, overpayments, and appeals for the Indiana Prescription Drug Program as required by statute.

The rule provides for the implementation of point-of-service benefit processing for the Hoosier Rx Program. Instead of applying for quarterly refunds, program recipients will be able to receive the benefit at the time the prescription drug is purchased. Additionally, the rule implements the Medicaid drug pricing methodology within the Hoosier Rx Program. This feature will reduce the overall cost of the drugs purchased thereby decreasing the cost to the Hoosier Rx Program and to its qualified recipients. The rule will phase out the refund program; ending the refund of prescription drug expenditures by October 2002.

Governmental Entities: *State Impact:* The fiscal impact of the revised rule is twofold. First, by applying the Medicaid prescription drug pricing methodology to the Hoosier Rx Program, the cost of drugs to eligible seniors will be less overall. Second, the point-of-service availability of the benefit will allow the immediate payment of the Hoosier Rx benefit. This is anticipated to expand the demand for the program benefits by an estimated \$400,000 for FY 2003. This may be a conservative estimate since the number of prescriptions that go unfilled due to the patient's inability to pay for the drugs up front is unknown.

Local Impact: County-owned hospitals that fill outpatient prescriptions for eligible seniors may experience a reduction in pharmacy-related revenues due to the application of Medicaid drug pricing to the Hoosier Rx Program. The extent of this potential reduction is unknown.

The implementation of the benefit at the point of service may reduce assistance payments made by township trustees if they provide low income assistance for prescription drugs. The extent that township Poor Relief provides assistance for prescription drugs is unknown.

Regulated Entities: Pharmacies that choose to participate in the Hoosier Rx Program will see some reduction in the price that eligible seniors pay for prescription drugs due to the use of the Medicaid drug pricing methodology. The Prescription Drug Program estimates this to be a minor reduction in revenue.

Implementation of the point-of-service benefit should pose no additional costs to pharmacy providers since they already have electronic claims capability.

Information Sources: Grace Chandler, Prescription Drug Program, (317) 234-1341.